KENEDIX
Office Investment Corporation

Translation of Japanese Original

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To All Concerned Parties

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Notice Concerning Operating Forecasts for the Fiscal Period Ending October 31, 2018 (the 27th Fiscal Period) and for the Fiscal Period Ending April 30, 2019 (the 28th Fiscal Period)

Kenedix Office Investment Corporation ("the Investment Corporation") today announced its operating forecast for the Fiscal Period Ending October 31, 2018 (the 27th Fiscal Period from May 1, 2018 to October 31, 2018) and for the Fiscal Period Ending April 30, 2019 (the 28th Fiscal Period from November 1, 2018 to April 30, 2019). Details are as follows.

1. Operating Forecast for the Fiscal Period Ending October 31, 2018 (the 27th Fiscal Period) and Fiscal Period Ending April 30, 2019 (the 28th Fiscal Period)

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Yen) (Excluding Excess of Earnings)	Distributions in Excess of Earnings per Unit (Yen)
Fiscal Period Ending October 31, 2018 (the 27th Fiscal Period)	15,334	7,054	5,998	5,997	13,200 (Note 1)	0
Fiscal Period Ending April 30, 2019 (the 28th Fiscal Period)	15,086	7,016	5,957	5,956	13,200 (Note 2)	0

Note 1: Distributions per unit for the fiscal period ending October 31, 2018 (the 27th Fiscal Period) is calculated by dividing the amount remaining after deducting provision of reserve for reduction entry (340 million yen) from net income by the number of investment units issued and outstanding

Note 2: Distributions per unit for the fiscal period ending April 30, 2019 (the 28th Fiscal Period) is calculated by dividing the amount remaining after deducting provision of reserve for reduction entry (299 million yen) from net income by the number of investment units issued and outstanding

[Reference] The number of the investment units issued and outstanding as of the fiscal period ending October 31, 2018 (the 27th Fiscal Period): 428,510 units
The number of the investment units issued and outstanding as of the fiscal period ending April 30, 2019 (the 28th Fiscal Period): 428,510 units

This press release is an announcement concerning Kenedix Office Investment Corporation's operating forecasts for the fiscal period ending October 31, 2018 (the 27th fiscal period) and for the fiscal period ending April 30, 2019 (the 28th fiscal period) , and has not been prepared for the purpose of solicitation for investment. When investing, investors must carefully refer to Kenedix Office Investment Corporation's Offering Circular for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto (if any) and make investment decision at their own judgement and responsibility.

2. Reasons for Announcement

The Investment Corporation's board of directors held today resolved to issue new investment units and to conduct a secondary offering of investment units as well as the acquisition and sale of the properties. Based on that, the Investment Corporation hereby announces the forecasts of operating results for the fiscal period ending October 31, 2018 (the 27th Fiscal Period) and the fiscal period ending April 30, 2019 (the 28th Fiscal Period).
There is no revision for the forecast of operating results for the fiscal period ended April 30, 2018 (the 26th Fiscal Period).

[Notes]

1. Forecasted figures are calculated based on the preconditions and assumptions set out in the Attachment "Preconditions and Assumptions for the Fiscal Period Ending October 31, 2018 (the 27th Fiscal Period) and the Fiscal Period Ending April 30, 2019 (the 28th Fiscal Period)" as of the date of this release. Readers are advised that actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may differ significantly from forecasts due to a variety of reasons including the future acquisition or sale of real estate and changes in the Investment Corporation's operating environment including the real estate market. Accordingly, the Investment Corporation does not guarantee payment of the forecasted distributions per unit.
2. If the Investment Corporation expects changes to the aforementioned forecast to greater than a certain extent, it may further revise its forecast.
3. Figures are rounded down to millions of yen.

The Investment Corporation's website: http://www.kdo-reit.com/en/

This notice is the English translation of the Japanese announcement on our website released on May 14, 2018. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

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[Attachment]

Preconditions and Assumptions for the Fiscal Period Ending October 31, 2018 (the 27th Fiscal Period) and the Fiscal Period Ending April 30, 2019 (the 28th Fiscal Period)

Items	Preconditions and Assumptions
Calculation Period	• The 27th Fiscal Period: May 1, 2018 to October 31, 2018 (184 days) • The 28th Fiscal Period: November 1, 2018 to April 30, 2019 (181 days)
Property Portfolio	• It is assumed that the portfolio consisted of 97 properties as of May 14, 2018 will be changed, as one property will be acquired with proceeds from the issuance of new investment units (CROSS PLACE Hamamatsucho on July 2, 2018) and two properties will be sold (KDX Hamamatsucho Dai-2 Building on July 2, 2018 and Frame Jinnan-zaka on July 2, 2018 and on November 1, 2018, as stated in the press release titled "Notice Concerning Acquisition of Property (CROSS PLACE Hamamatsucho) and Sale of Properties (KDX Hamamatsucho Dai-2 Building・Frame Jinnan-zaka)" announced today. • It is assumed that there will be no transfer of assets in the property portfolio (sale of a property, acquisition of a new property, etc.), other than the above, by the end of the 28th fiscal period. • The Investment Corporation also holds the TK equity other than the above. It assumes the refund of the TK equity will not occur by the end of the 28th fiscal period. • The actual results may fluctuate due to changes in the property portfolio.
Operating Revenues	• Rental revenues are estimated based on valid leasing agreements as of May 14, 2018 by considering variable factors, such as seasonal factors against the backdrop of historical performance, as well as leasing conditions, such as the recent real estate market conditions, in addition to the difference in number of operating days due to changes in existing investment assets. • It is estimated that dividends received will be 58 million yen in the 27th fiscal period and 42 million yen in the 28th fiscal period as dividends for TK equity mentioned in the above Property Portfolio section. • Forecasts are based on the assumption that there will be no rent in arrears or non-payments from tenants. • It is estimated that gains on property sale, etc. of 527 million yen and 563 million yen will be recognized in the 27th fiscal period and in the 28th fiscal period, respectively, by sale of the properties stated in the press release titled "Notice Concerning Acquisition of Property (CROSS PLACE Hamamatsucho) and Sale of Properties (KDX Hamamatsucho Dai-2 Building・Frame Jinnan-zaka)" announced today. These amounts of gains may fluctuate according to whether the properties are sold successfully, sale prices, delivery dates and other conditions.
Operating Expenses	• Expenses related to rental business other than depreciation are based on the historic expenses, adjusted to reflect expense variables including seasonal factors. • An amount of 1,388 million yen for the 27th fiscal period and 1,384 million yen for the 28th fiscal period have been assumed for property management fees and facility management fees (property management and building maintenance fees, etc.). • An amount of 1,230 million yen for the 27th fiscal period and 1,229 million yen for the 28th fiscal period have been assumed for taxes and public dues (property tax and city-planning tax, etc.). Taxes and public dues regarding the properties acquired or to be acquired after January 1, 2018 will not be recognized in the 27th fiscal period for the reasons that property tax and city-planning tax, etc. are settled with the former owner and such settled amount will be included in the calculation of acquisition costs. A part of such settled amount (13 million yen) will be recognized in the 28th fiscal period. The aggregate amount of the property tax and city-planning tax, etc. to be recognized as operating expenses is estimated at 55 million yen per fiscal period. • An amount of 2,372 million yen for the 27th fiscal period and 2,388 million yen for the 28th fiscal period have been assumed for depreciation expense. • An amount of 464 million yen for the 27th fiscal period and 394 million yen for the 28th fiscal period have been assumed for repairs, maintenance and renovation expenses.

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	Repairs, maintenance and renovation expenses are estimated based on the amounts budgeted by the Asset Management Company for each property and considered essential for the fiscal period. Actual repairs, maintenance and renovation expenses for the fiscal period may, however, differ significantly from estimated amounts due to an increase in the amounts through unforeseen circumstances or emergencies. • In general, property tax and city planning tax are allocated to the seller and purchaser on a pro rata basis at the time of acquisition settlement. In the case of the Investment Corporation, an amount equivalent to the portion allocated to the purchaser is included in the acquisition costs of the property.
Non-Operating Expenses	• Total expenses for the issuance of new investment units and the secondary offering as resolved at the Investment Corporation's board of directors held today are assumed to be 51 million yen. Such expenses will be amortized over a period of 3 years using the straight-line method. • Interest payable (including financing related expenses, etc.) is assumed to be 1,012 million yen for the 27th fiscal period and 1,021 million yen for the 28th fiscal period.
Extraordinary Gains or Losses	• Extraordinary gains or losses are not assumed.
Borrowings and Investment Corporation Bonds	• The balance of the borrowings and the investment corporation bonds as of May 14, 2018 is 178,050 million yen and 7,800 million yen, respectively. • Of the borrowings as of May 14, 2018, a total of 11,500 million yen in borrowings is due for repayment during the 27th fiscal period and a total of 11,550 million yen during the 28th fiscal period. However, it is assumed that all borrowings will be refinanced. • Of the investment corporation bonds as of May 14, 2018, a total of 1,800 million yen is due for repayment by the end of the 27th fiscal period. It is assumed that all these investment corporation bonds will be redeemed with funds raised by an issue of investment corporation bonds or debt financing, etc.
Investment Units Issued and Outstanding	• The number of investment units issued and outstanding is assumed to total at 428,510 units, since 23,625 units, the aggregate upper limit of investment units planned to be newly issued as resolved at the Investment Corporation's board of directors held today, will be added to the number of investment units issued and outstanding as of May 14, 2018 of 404,885 units. 23,625 units are comprised of (i) issuance of 22,500 new investment units through public offering and (ii) issuance of up to 1,125 investment units through third-party allotment associated with a secondary offering via over-allotment. • Forecasts are based on the assumption that the number of investment units issued and outstanding shall remain unchanged until the end of the 28th fiscal period, excluding the above mentioned issued 23,625 units.
Distributions per Unit	• Distributions per unit are calculated in accordance with the distribution policy outlined in the Investment Corporation's Articles of Incorporation. • Distributions per unit are calculated based on the assumption that the amount remaining after deducting provision of reserve for reduction entry (340 million yen for the 27th fiscal period and 299 million yen for the 28th fiscal period) from net income is distributed. • Actual distributions per unit may fluctuate due to various factors including moves in investment assets, rental revenues caused by tenant movements or unexpected repairs.
Distributions in Excess of Earnings per Unit	• The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.
Other	• Forecasts are based on the assumption that any revisions to regulatory requirements, taxation, accounting standards, public listing regulations or requirements of the Investment Trusts Association, Japan and other regulations will not impact forecast figures. • Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.

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